DCMA Small Business Initiatives

Presented By:

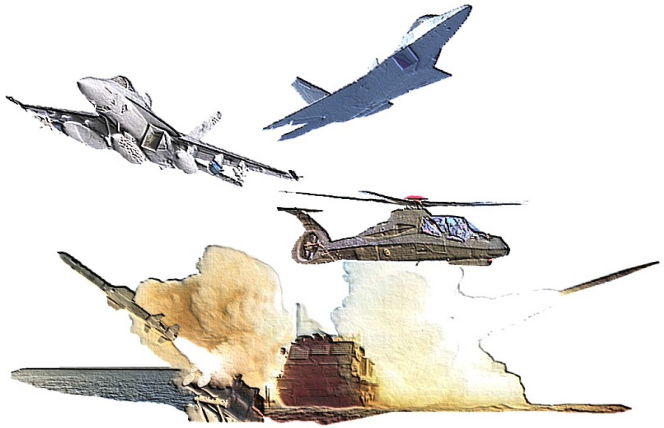
Ms. Barbara Little, Director
Small Business Programs

November 4, 2005

OUTLINE

- **Who We Were**
- **Who We Are Today**
- **Small Business Realignment**
- **What's Next**

Worldwide Acquisition Impact



Scope of Work

- $1,812B Face Value of Contracts
- 15,029 Contractors
- 298,678 Contracts
- $154B Unliquidated Obligations
- All ACAT 1 and 2 programs
- Flight Operations (1,150 Aircraft/yr
- $92B Gov't property in plant
- $7B Progress Payments
- $16B Performance Based Payments

Span of Control

- 10,479 civilian professionals
  -- ACOs, PI, QA, Engr, IS, Prop
- 605 Military (includes reserves)
- 900+ locations
- 50 major field Commands
- $1.1B budget authority
- $50M NASA and other Federal Agencies
- $67M reimbursable FMS

as of 7/7/2005 (Parts A & B / Sections 1 – 4)

DCMA Today

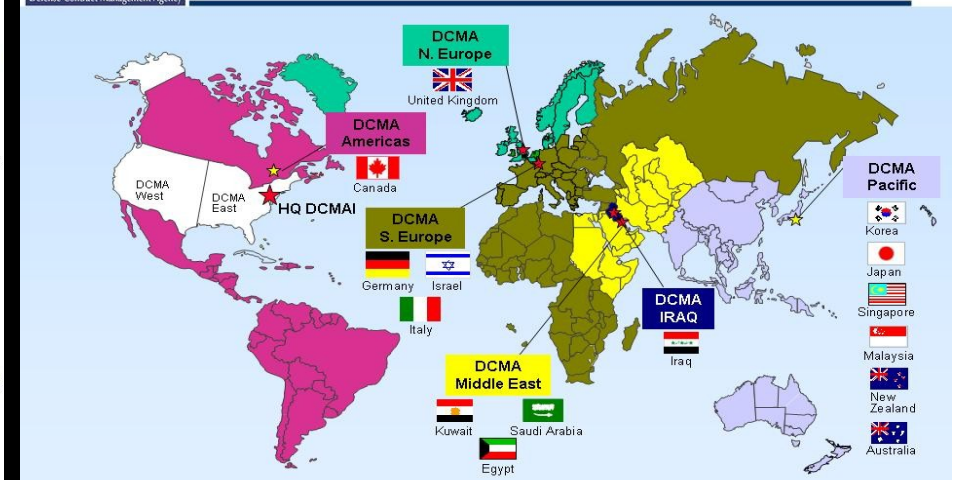
Districts East & West

Current DCMA Structure

Total 44 CONUS Major Contract Management Offices (CMO)

30

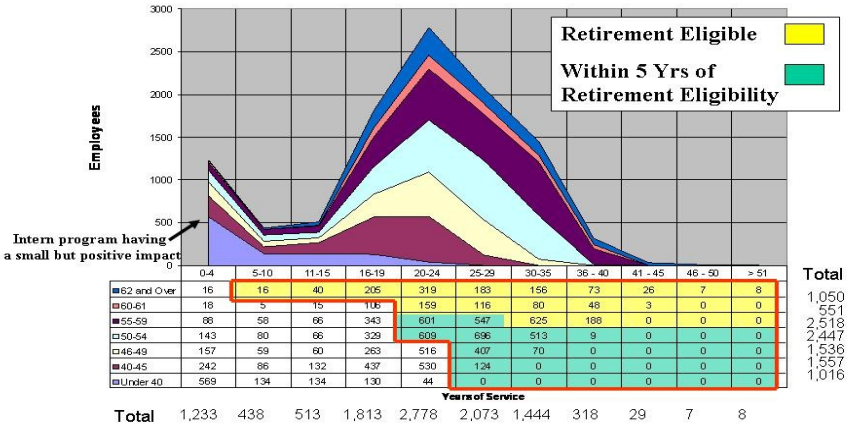
Worldwide Operations



Civilians:	**10,479**
Military:	**605**
Active	425
Reserve	180
Districts:	**3**
Major Commands:	**50**
Subordinate Commands:	**80**
Field Locations:	**900+**

Average Age ~ 51
Average Service ~ 23 Yrs

As of March 2005

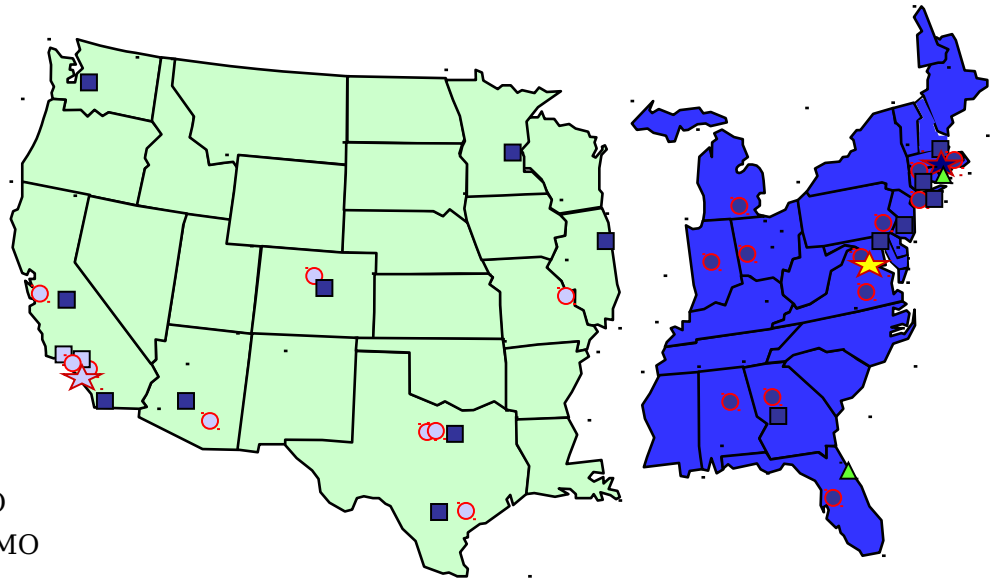

Retirement Eligible
Within 5 Yrs of Retirement Eligibility
Employees
Intern program having a small but positive impact
Years of Service

	0-4	5-10	11-15	16-19	20-24	25-29	30-35	36 - 40	41 - 45	46 - 50	> 51	Total
62 and Over	16	16	40	205	319	183	156	73	26	7	8	1,050
60-61	18	5	15	106	159	116	80	48	3	0	0	551
55-59	88	58	66	343	601	547	625	188	0	0	0	2,518
50-54	143	80	66	329	609	696	513	9	0	0	0	2,447
46-49	157	59	60	263	516	407	70	0	0	0	0	1,536
40-45	242	86	132	437	530	124	0	0	0	0	0	1,557
Under 40	569	134	134	130	44	0	0	0	0	0	0	1,016
Total	1,233	438	513	1,813	2,778	2,073	1,444	318	29	7	8	

Current CONUS Alignment Strategy

Time To Change!!

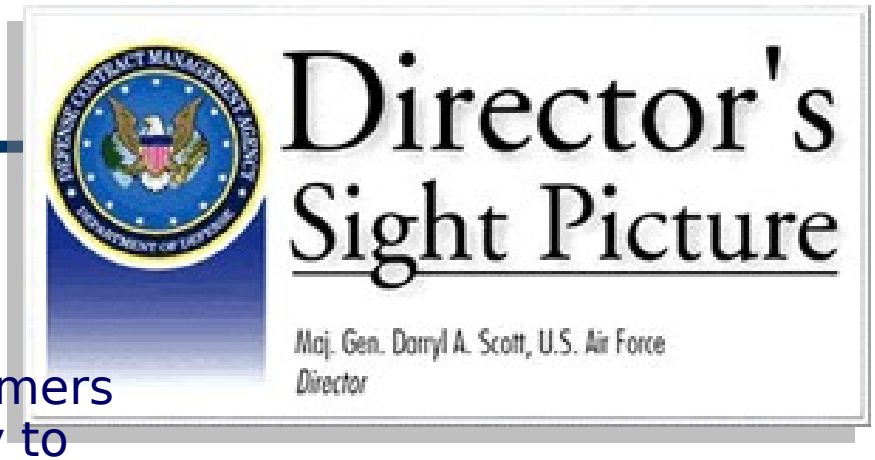
DCMA West Offices:
- 10 Geographic
- 11 Residency



DCMA East Offices:
- 12 Geographic
- 6 Residency
- 2 Commodity

= Agency HQ
= District HQ
= Residency CMO
= Geographic CMO
= Commodity CMO

DCMA
Defense Contract Management Agency



- **Why We Are Realigning?**
  - To meet the needs of our customers better & to position the Agency to provide our customers with the best possible service

- **What Will Change?**
  - Better service to the Service Program Executive Officers & their program managers
  - Four new product divisions that will focus on:
    - Aeronautical Systems
    - Naval Sea Systems
    - Space and Missile Systems
    - Ground Systems and Munitions

New PEO Alignment Strategy
Aeronautical

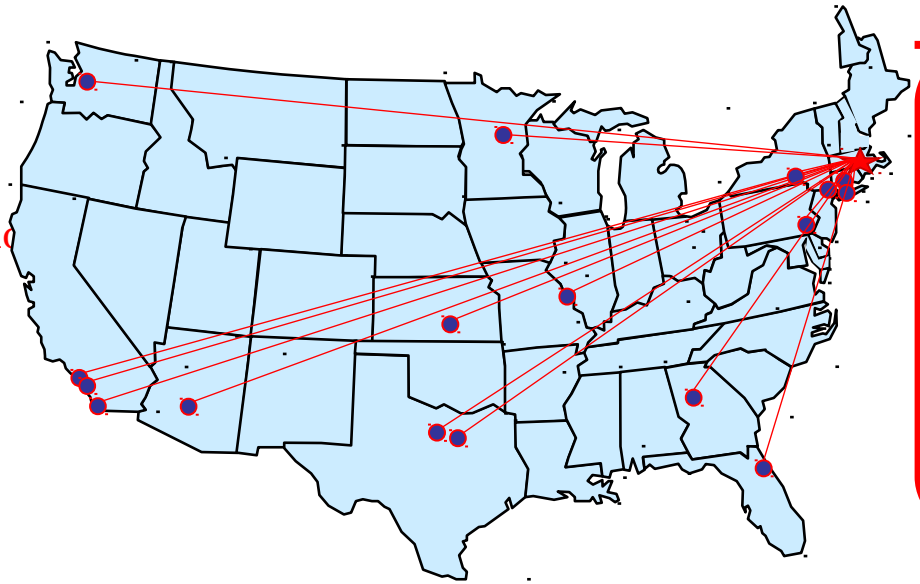
- **Step #1: Align PEO portfolio to single executive**
  - Portfolio management for PEO assigned to a specific District Director based on where majority of work is accomplished
- **Step #2: Realign field offices to districts by PEO lead responsibility**
  - Aeronautical;
  - Space and Missiles;
  - Ground Systems and Munitions;
  - Naval Sea Systems

Aeronautical Example:

- PEO-T
- PEO-A
- PEO-F/A 22
- PEO-F 35
- PEO-AC
- PEO-Aviation

From West:

DCMA Boeing St Louis
DCMA Boeing Mesa
DCMA Boeing Long Bea
DCMA LM Fort Worth
DCMA BHTI
DCMA NG El Segundo
DCMA Boeing Wichita
DCMA Palmdale



From East:

DCMA Aircraft Propuls
DCMA Boeing Philadelp
DCMA LM Marietta
DCMA LMSI
DCMA AIMO
DCMA Sikorsky
DCMA Long Island

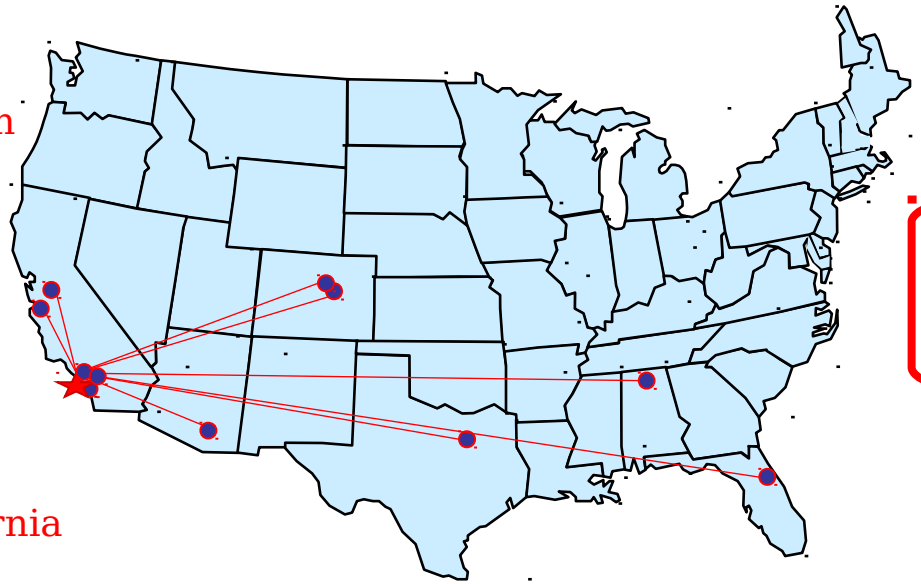
New PEO Alignment Strategy
Space and Missiles

- **Step #1: Align PEO portfolio to single executive**
  - Portfolio management for PEO assigned to a specific District Director based on where majority of work is accomplished
- **Step #2: Realign field offices to districts by PEO lead responsibility**
  - Aeronautical;
  - Space and Missiles;
  - Ground Systems and Munitions;
  - Naval Sea Systems

- PEO- (W) Strike Weapons and Unmanned Aviation
- Missile Defense Agency - NASA
- PEO-SP – CO SMC
- PEO-WP – CO AAC
- PEO-Air and Missile Defense

From West:

DCMA Raytheon Tucson
DCMA LM Denver
DCMA LM Sunnyvale
DCMA Boeing Space & Missles Seal Beach
DCMA NASA
DCMA Denver
DCMA Dallas
DCMA Santa Ana
DCMA Northern California
DCMA Los Angeles



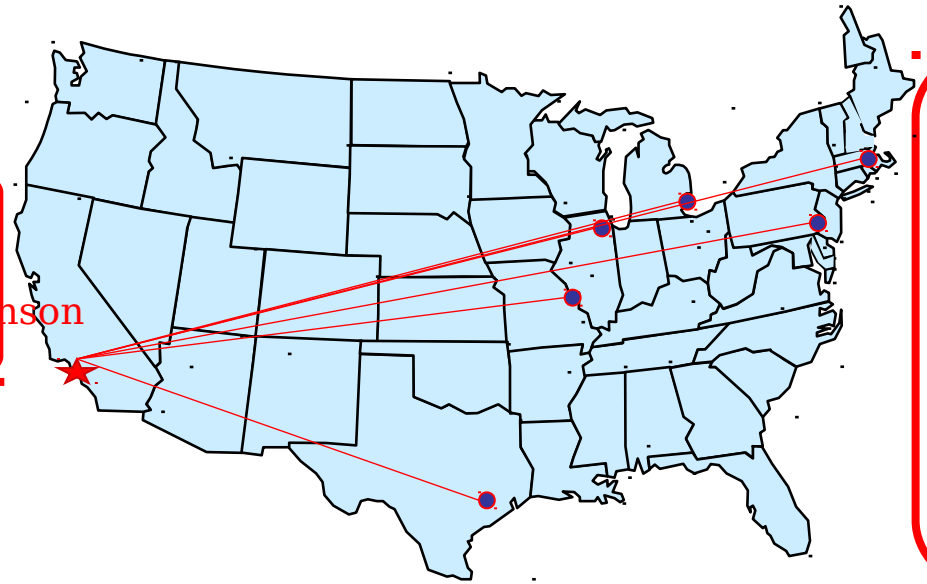
From East:

DCMA Huntsville
DCMA Orlando

New PEO Alignment Strategy
Ground Systems and Munitions

- **Step #1: Align PEO portfolio to single executive**
  - Portfolio management for PEO assigned to a specific District Director based on where majority of work is accomplished
- **Step #2: Realign field offices to districts by PEO lead responsibility**
  - Aeronautical;
  - Space and Missiles;
  - Ground Systems and Munitions;
  - Naval Sea Systems

- PEO-Ammunition
- PEO-Ground Combat Systems
- PEO-CS and CSS



From West:
DCMA Chicago
DCMA Stewart & Stevenson

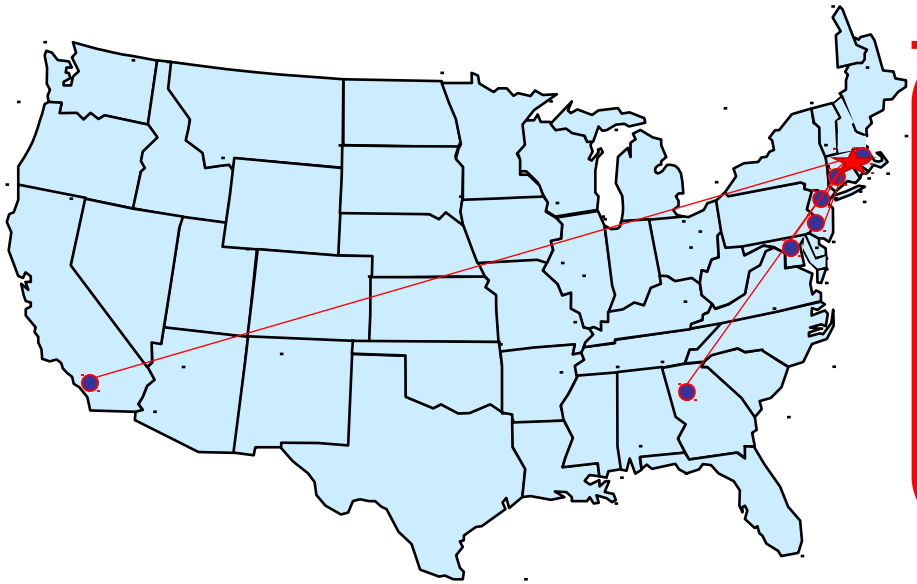
From East:
DCMA Detroit
DCMA Philadelphia
DCMA Missiles, Munitio
and Combat Systems
-- DCMA Raytheon
Boston Missile C
-- Boeing St Louis
Weapons & FCS
Team

New PEO Alignment Strategy
Naval Sea Systems

- **Step #1: Align PEO portfolio to single executive**
  - Portfolio management for PEO assigned to a specific District Director based on where majority of work is accomplished
- **Step #2: Realign field offices to districts by PEO lead responsibility**
  - Aeronautical;
  - Space and Missiles;
  - Ground Vehicles and Munitions;
  - Naval Sea Systems

- SPAWAR
- PEO-IWS
- PEO-C2&CS
- PEO-C3T
- PEO-STRI
- PEO-IEW&S
- PEO-Enterprise Information Systems
- ALL Code 400's
- NSTR

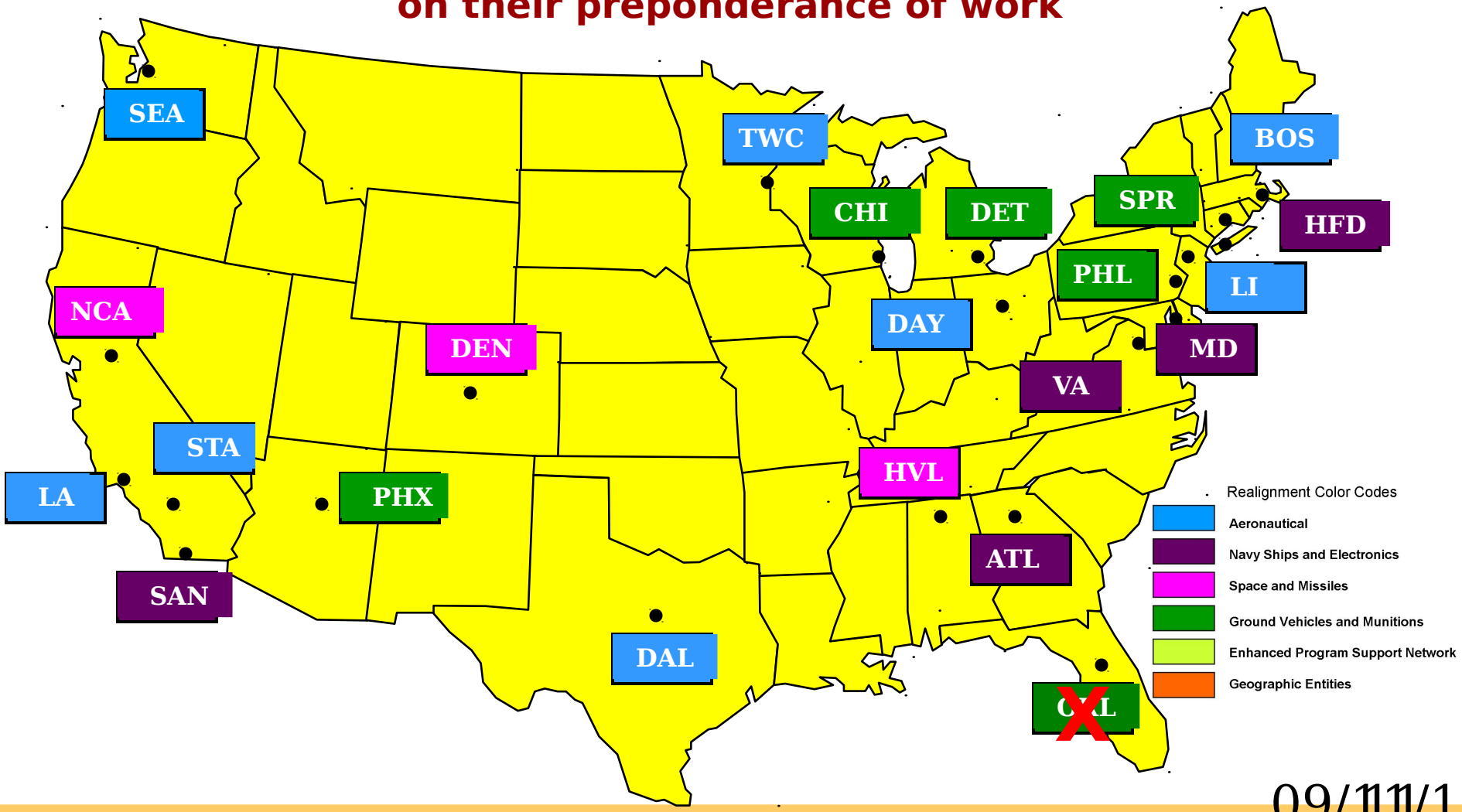
From West:
DCMA San Diego



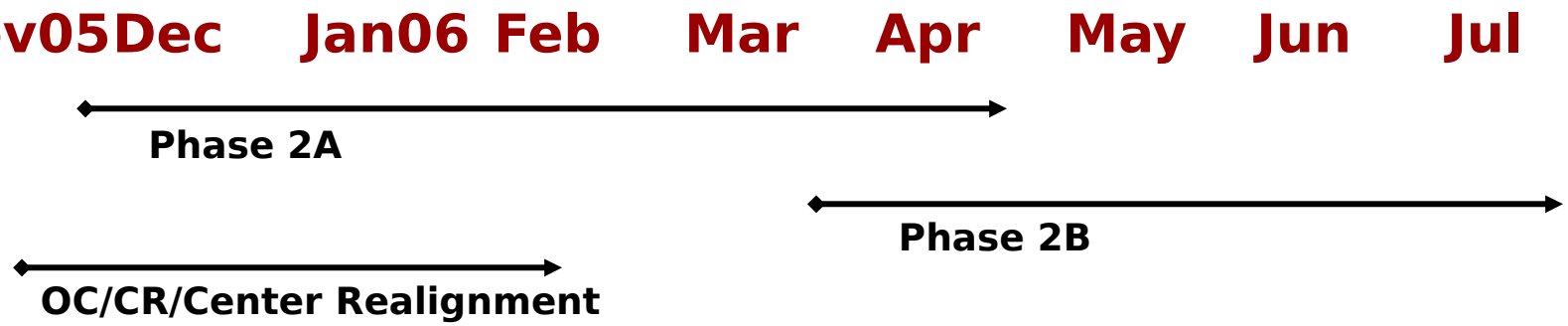
From East:
DCMA Ships Systems Op
LMDV MS2
Raytheon Boston Ship
DCMA Springfield
DCMA Boston
DCMA Hartford
DCMA Atlanta
DCMA Maryland

Approved GEO Product Division Alignment

Note: GEOs are aligned with Product Divisions based on their preponderance of work



PHASE Two Timelines



Phase 2A will commence 30 November with the signing of the General Order with
An estimated effective date of the last pay period in April. This phase will consist of
The final movements of the Aero CMOs including the associated GEOs and the
Ground Systems CMOs and their associated GEOs, aligning them with East and West
Districts respectively.

Phase 2B will commence 30 March 2006 with the signing of the General Order with
An estimated completion date of the last pay period in July/1st pay period in August.

DCMA Small Business Center – Geographic Organization Chart

Defense Contract Management Agency

DCMA Small Business Center (DCMAC)
Director
DCMA HQ, Alexandria, VA 22310
Email: SmallBusinessCenter@dcma.mil
877-662-3960 FAX: (703) 428-3578

Mentor Protégé Division (DCMAC-CP)

Division Chief
DCMA Small Business Center
Boston, MA 02210
Email: SmallBusinessCenter@dcma.mil
877-662-3960 FAX: (617) 753-3174

West Division (DCMAC-CW)

Division Chief
DCMA Small Business Center
Indianapolis, IN 46249
Email:
SmallBusinessCenter@dcma.mil
877-662-3960 Fax: (317) 510-2681

East Division (DCMAC-CE)

Division Chief
DCMA Small Business Center,
Wright Patterson AFB, OH 45433
Email:
SmallBusinessCenter@dcma.mil
877-662-3960 Fax: (937) 656-3228

Comprehensive Subcontracting Program Division (DCMAC-CC)
Division Chief
DCMA Small Business Center
Carson, California 90746
Email: SmallBusinessCenter@dcma.mil
877-662-3960 Fax: (310) 900-6029

Alaska
Arizona
Arkansas
California
Colorado
Dakota
Idaho
Illinois
Iowa
Dakota
Hawaii
Kansas
Louisiana
Minnesota
Missouri
Montana
Nebraska
Nevada
New Mexico
North
Oklahoma
Oregon
South
Texas
Utah
Washington
Wisconsin
Wyoming

Alabama
Connecticut
Delaware
Florida
Georgia
Indiana
Kentucky
Maine
Carolina
Maryland
Massachusetts
Michigan
Mississippi
Virginia
New Hampshire
New Jersey
New York
North Carolina
Ohio
Pennsylvania
Puerto Rico
Rhode Island
South
Tennessee
Vermont
Virginia
West

Concept of Operations – Comprehensive Program Division

- Program Managers:
  - Lockheed Martin – Micole Stephens
  - Boeing – Micole Stephens
  - Raytheon, Northrop Grumman ACS/ESS – Luz Vasquez
  - Harris, L3, General Dynamics – Elaine Howell
  - Sikorsky, Pratt & Whitney, General Electric – Linda Dowers
  - Bell Helicopter, Textron, Hamilton Sundstrand, BAE – Willis Jones
- Program Managers will perform full review themselves all year long w/focus on:
  - Methodology for developing forecast
  - Analysis of how what is subcontracted is changing
  - Outreach effectiveness
  - Progress on initiatives to improve performance
- Mid-year, year end and 640 reviews still required
  - Copy goes to PCO, Military Service and OSD
  - Program manager briefs review results to Military Service and OSD
- Objective – Reviews and negotiations done in IPT fashion

Concept of Operations – Pre-Award Subcontracting Plan Reviews

- All customer requests will be honored
- Requests will be sent to Center central receipt point
- Perform detailed review of what is being subcontracted (e.g. Boeing NSM)
- Objective – 100% of reviews completed with new methods Dec 1, 2005

Concept of Operations – Feedback on Goals Achieved

- Mandatory for all contracts assigned
- Provide recommendations for any future contracts with this contractor
- Provide results of last compliance review
- Copy to PCO and Military Service Small Business Office
- Objective – Doing this now

Concept of Operations – Compliance Reviews

- **Post-Award Small Business Reviews (FAR 42.302(54)(55), 19.705(a)-(g))**
  - Standard is periodic monitoring vs. set schedule
  - Review plan established for the year based on value-added customer outcomes
  - Use revised 640 Form
  - Send copy of report to contractor, PCO and CMO ACO w/cover ltr of next steps
  - Send copy directly to PCO and Military Service Small Business Office
    - Survey form will be attached
  - One on one engagement with buying commands throughout the year

- Where we Headed
  - Customer alignment based on buying activity with Customer Liaisons Reps
    - Engage CLRs for intro to all subcontracting plans prior to award and acquisition strategy sessions
  - Customer alignment based on other buying activities

- Objective – Complete alignment by Nov 15, 2005

Concept of Operations – Mentor-Protégé Major Changes

- Develop Protégé Review Form for Annual Review
- Develop Protégé Post Agreement Review Form
- Reviews to provide more analytical data and recommended corrective actions
- DCMA to approve all Credit Agreements
- Division will conduct reviews on both Mentor and Protégé
- More involvement with the Customer on agreements and performance

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Defense Contract Management Agency

Subcontracting Performance

		FY 02		FY 03		FY 04
SB		31.4%		35.4%		34.8%
SDB		4.0%		4.2%		3.9%
WOSB		3.9%		4.5%		4.8%
HUBZone		0.6%		0.8%		0.9%
VOSB		2.1%		2.4%		2.9%
SDVOSB		0.3%		0.3%		0.5%

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Defense Contract Management Agency

QUESTIONS

DCMA Small Business Center Toll Free Number: 1-877-662-3960

barbara.little@dcma.mil

SmallBusinessCenter@dcma.mil

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Defense Contract Management Agency

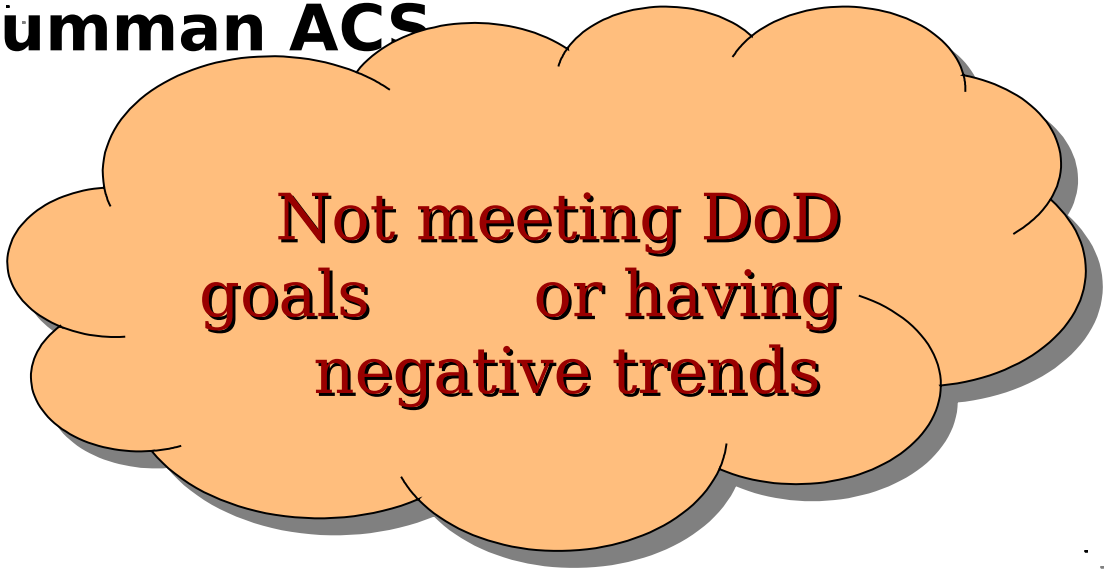
- **BACKUP CHARTS**

Special Study of Comp Contractors

- **Strategy**
  - **Determine if small business performance could be improved**
  - **Transform the way DCMA negotiates with Comp contractors**
  - **Establish benchmark performance levels**
- **Outcome**
  - **Improve contractor small business performance Improve**
- **Metrics**
  - **Positive improvement on goals negotiated**

Contractors Reviewed

- Raytheon
- Boeing
- Lockheed Martin
- Textron
- Northrop Grumman ACS
- GE

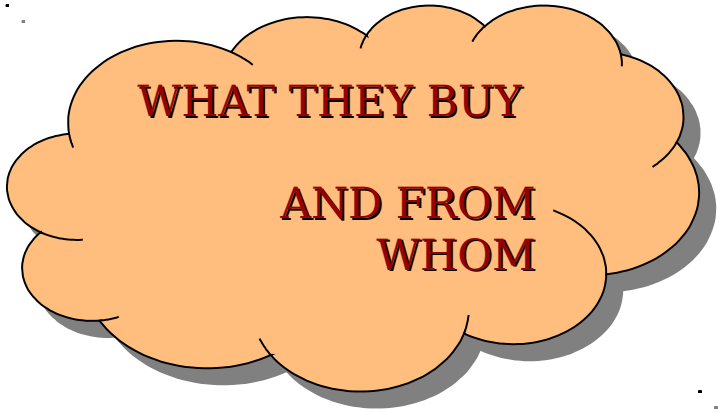


Results of Study/Negotiation

	Proposed Amounts (Totals)	Negotiated Amounts (Totals)	Variance (Totals)
SB	$6,727,749,255	$7,669,512,345	$941,763,090
SDB	$1,075,702,124	$1,127,225,512	$51,523,388
WOSB	$1,045,950,414	$1,352,271,098	$306,320,684
HUBZone	$172,297,296	$212,307,397	$40,010,101
VOSB	$546,270,756	$648,314,406	$102,043,650
SDVOSB	$100,159,066	$126,691,402	$26,532,336

Study Method

- **Center for Naval Analysis**
  - **Obtained Purchasing Info**
  - **Analyzed the Data**
  - **Made Recommendations**
  - **Write Final Report**
- **DCMA**
  - **Negotiate SB Goals**
  - **Share Competitor Supplier Lists with All**



REVIEW DETAILS

- **Subcontracting forecast**
- **Subcontract spend**
- **Goal ownership**
- **Outreach effectiveness**
- **SBIR interface**
- **Mentor – Protégé participation**

Subcontract Purchase History For Past 18 Months

Subcode	Sum of Large	Small Business	Small Disadvantaged Business	Women Owned Business	All Subcontracting
Grand Total	$10,186,769,657	$1,791,120,900	$259,768,759	$279,247,378	$11,977,890,557
Avionics	$4,072,106,973	$94,725,248	$14,385,158	$17,171,507	$4,166,832,221
Fuselage	$1,803,699,579	$0	$0	$0	$1,803,699,579
Electro/Hydra/Mech	$1,043,754,744	$107,509,970	$4,889,724	$1,174,134	$1,151,264,714
#N/A	$741,369,240	$290,633,811	$25,800,555	$32,011,986	$1,032,003,052
Machined Parts	$112,391,248	$497,212,477	$92,650,841	$120,601,314	$609,603,725
Propulsion	$514,096,892	$661,486	$0	$0	$514,758,378
Landing Gear	$232,214,744	$4,970,626	$0	$0	$237,185,369
Training Systems	$182,383,798	$40,438,195	$6,105,333	$17,795,092	$222,821,993
Nonproduction bought by Production	$123,236,988	$80,751,481	$6,906,667	$11,349,296	$203,988,469
Sheet Metal	$119,942,553	$79,657,414	$7,388,151	$20,585,416	$199,599,967
Non-metallics	$105,768,250	$44,015,380	$1,294,949	$1,626,947	$149,783,630
Electrical	$95,439,912	$49,098,056	$5,343,477	$10,643,178	$144,537,968
Z (Default for new suppliers)	$92,527,753	$46,194,888	$7,283,287	$7,605,003	$138,722,641
Maintenance/Modification	$135,982,541	$534,150	$0	$0	$136,516,691

Subcontract Purchase History For Past 18 Months (Cont'd)

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DCMA
Defense Contract Management Agency

SMALL BUSINESS USAGE

Small Business Utilization FY 2003, Q1-Q4, FY 2004, Q1-Q2

	NAICS	Company 1	Company 2	Company 3	Company 4	Company 5
Agriculture, Forestry, Fishing and Hunting	11	35.1%				
Mining	21	4.6%				
Construction	23	73.1%		96.1%		3.19%
Food, Textile & Leather Manufacturing	31	100.0%				
Paper & Chemical Manufacturing	32	43.3%			8.5%	62.76%
Metal, Electronics and Furniture Manufacturing	33	31.6%	31.3%	40.0%	26.0%	13.56%
Wholesale Trade	42	33.3%			15.5%	28.32%
Retail Trade	44	23.2%				
Retail Trade	45	57.1%		100.0%		0.13%
Transportation & Warehousing	48	1.4%			100.0%	100.0%
Information	51	2.1%		46.3%		57.48%
Finance and Insurance	52	69.2%				0.00%
Real Estate and Rental and Leasing	53	6.4%				
Professional, Scientific, and Technical Services	54	35.5%	11.1%	29.1%	45.4%	37.74%
Admin, Support, Waste Mgmt and Remed Serv	56	33.5%		100.0%		67.81%
Educational Services	61	0.7%				17.83%
Accommodation and Food Services	72	40.0%				
Other Services (except Public Administration)	81	59.5%	75.1%			6.76%
Unclassified						28.90%
Total		34.2%	31.4%	41.7%	25.7%	14.95%

EXAMPLE --THE END RESULT

Total Subcontracting Base: $10.8B

	FY 03 % Negotiated/ Actuals	FY 04 % Negotiated/ Actuals	FY 05 % Proposed	$ Proposed	FY 05 % Negotiated	Dollars	Increase in SB Dollars	BMK FY06	BMK FY07 & 08
SB	17.5/20.5%	20.2/23.4%	20.5%	2,214,000,000	23.4%	2,527,200,000	313,200,000	25.0%	28.0%
SDB	3.5/3.5%	4.4/3.9%	3.7%	400,000,000	3.9%	421,200,000	21,200,000	5.0%	7.0%
WOSB	2.5/3.7%	3.6/4.3%	3.7%	400,000,000	4.3%	455,800,000	55,800,000	5.0%	7.0%
HUBZone	0.3/0.3%	0.3/0.4%	0.3%	32,000,000	0.4%	42,400,000	10,400,000	0.5%	0.7%
VOSB	1.5/2.0%	1.8/1.9%	2.0%	216,000,000	2.0%	216,000,000	0	2.5%	3.0%
SDVOSB	0.2/0.3%	0.2/0.3%	0.3%	32,000,000	0.3%	32,000,000	0	0.6%	1.0%

Total Subcontracting Dollar Increase: $313,200,000

DCMA
Defense Contract Management Agency

Study Conclusions

- **Contractors performance can be improved**
- **DoD goals can be met in most cases**
- **Major changes needed in Comp Program**